



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
MARCH 29, 2005

CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN L. GAFFNEY
PUBLIC INFORMATION OFFICE
(212) 637-2600

FBI
JAMES A. MARGOLIN
MATTHEW BERTRON
(212) 384-2720, 2715

**FORMER CHAIRMAN AND CEO AND PRESIDENT OF IMPATH INDICTED,
AND FOUR OTHER FORMER EXECUTIVES CHARGED, FOR MORE THAN
\$260-MILLION-DOLLAR SECURITIES FRAUD SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, PASQUALE D'AMURO, the Assistant Director of the FBI's New York Field Office, and MARK SCHONFELD, the Regional Director, Northeast Regional Office of the Securities and Exchange Commission, announced today the filing in Manhattan federal court of charges against six former executives of Impath, Inc., including the former Chairman of the Board and Chief Executive Officer, ANURADHA D. SAAD, and the former President and Chief Operating Officer, RICHARD P. ADELSON, in connection with a scheme to inflate Impath's reported results of operations.

The alleged scheme involved the fraudulent manipulation of Impath's publicly reported earnings and other financial results in order to artificially inflate the market price of Impath's common stock, which, when ultimately disclosed, resulted

in an aggregate decline in shareholder value of more than approximately \$260 million. In addition, four former Impath executives - including the Chief Financial Officer, DAVID J. CAMMARATA - have been previously charged and pleaded guilty to the accounting fraud scheme.

Summary Of The Charges Filed

The Indictment unsealed today charges Impath's former Chairman of the Board and Chief Executive Officer ANURADHA D. SAAD and Impath's former President and Chief Operating Officer RICHARD P. ADELSON each with (a) one count of conspiracy to commit securities fraud, to make false statements in filings with the United States Securities and Exchange Commission ("SEC"), and to falsify Impath's books and records; and (b) one count of securities fraud. In addition, SAAD is charged with two counts of soliciting proxies with false proxy statements and two counts of making false filings with the SEC and ADELSON is charged with eight counts of making false filings with the SEC.

Four other former Impath executives have recently pled guilty to charges relating to their participation in the same scheme charged against SAAD and ADELSON. On March 24, 2005, Impath's former Vice President of Finance PETER TORRES and former Controller KARIN GARDNER each pled guilty to various charges relating to their participation in the scheme. On March 28, 2005, Impath's former Chief Financial Officer DAVID J. CAMMARATA

and former National Billing Director KENNETH JUGAN each pled guilty to various charges relating to their participation in the scheme. The specific charges and the statutory maximum penalties for those charges are summarized more fully below.

The Accounting Fraud Scheme

The Indictment against SAAD and ADELSON, and the Informations against CAMMARATA, TORRES, GARDNER, and JUGAN, charge each with participating in an illegal scheme to manipulate Impath's publicly reported earnings and other financial results and artificially inflate the market price of Impath's common stock.

According to the Indictment and Informations, SAAD, ADELSON, CAMMARATA, TORRES, GARDNER, and JUGAN carried out and perpetuated this scheme by, among other things: (a) recording and causing to be recorded in Impath's books and records false and fraudulently inflated revenues and improperly reduced expenses; (b) making false and misleading representations to independent auditors, and failing to disclose to auditors material facts and information; and (c) making false and misleading misrepresentations to shareholders and other market participants. Among other false and fraudulent means used to manipulate Impath's revenues and other financial results alleged in the Indictment and Informations, the defendants and others: (a) artificially inflated volume figures; (b) reported sales revenue

in a particular business area that was known to be uncollectible; (c) booked revenue on end-of-quarter sales of items that were known to be unshippable within the quarter; and (d) adjusted reserves without basis in order to increase earnings.

The Indictment also alleges that SAAD and ADELSON, as well as others, falsely inflated Impath's revenue knowing, understanding, and intending that: (a) such inflated levels would be reflected in Impath's consolidated financial statements, public filings with the SEC, and other public disclosures; (b) as a result of recording inflated revenue, Impath's financial statements and other public disclosures and filings would falsely overstate Impath's revenues, earnings and assets; and (c) the market price of Impath's stock would be artificially inflated.

Additionally, in furtherance of this scheme, according to the Indictment, SAAD, ADELSON, and their co-conspirators: (a) caused others to make statements about Impath's financial condition which, as they well knew, reflected the above-described fraudulent adjustments to Impath's revenues, receivables, and earnings; and (b) failed to disclose that they had manipulated, and caused others to manipulate, Impath's revenues, receivables, and earnings.

As alleged in the Indictment, by increasing revenue artificially, SAAD and ADELSON, along with their co-conspirators, falsely inflated Impath's earnings, making it appear that Impath

had met or approximated budgeted goals, thereby enabling SAAD, ADELSON and others to keep their executive positions, obtain significant bonuses, increase their salaries and/or place themselves in a position to do so, and increase the value of the stock and stock options they held. According to the Indictment against SAAD and ADELSON, their participation in the scheme is alleged to have begun in 2002 and 2001, respectively.

According to the Indictment, Impath - headquartered in New York, New York - engaged in the health care industry, providing cancer information services. Specifically, Impath offered medical specimen testing and patient-specific cancer diagnostic and prognostic information services to help its clients diagnose both the type, and the level of progression, of the cancer found in tissue or blood samples and to assist with and recommend cancer treatments.

Although the core of Impath's business was the diagnostic analysis of cancer specimens and associated prognostic information, Impath also provided related information and technological resources. Impath's customers included, among others, doctors specializing in the treatment of cancer patients, as well as oncology practices and hospitals throughout the United States.

As alleged in the Indictment, during the course of the scheme Impath positioned itself as a rapidly growing small

company and frequently reported double-digit annual growth rates in its earnings and revenues. According to the Indictment, in July 2003, Impath announced that an initial internal investigation revealed "possible accounting irregularities" involving, among other things, the overstatement of accounts receivable by approximately \$50 million. In the approximately two months following this announcement, the price of Impath's securities, which were traded on NASDAQ, plummeted more than approximately 88 percent, resulting in an aggregate decline in shareholder value of more than approximately \$260 million. In or about September 2003, Impath filed for bankruptcy protection.

According to the Indictment, the overstatement of accounts receivable, and the corresponding overstatement of revenue, had the following impact on Impath's publicly disclosed net revenues for all its divisions in 2000, 2001 and 2002:

	FY 2000	FY 2001	FY 2002
Impath's Reported Net Revenues (Approximate)	\$138 million	\$189 Million	\$188 Million
Impath's Actual Net Revenues (Approximate)	\$123 Million	\$163 Million	\$165 Million
Amount That Impath's Reported Revenues Were Overstated As Result Of Inflated Revenues (Approximate)	\$15 Million	\$26 Million	\$23 Million

* * *

On March 28, 2005, CAMMMARATA pled guilty to all of the charges in the Information filed against him. United States

District Judge KIMBA W. WOOD, to whom CAMMARATA's case is assigned, scheduled sentencing for August 26, 2005.

On March 24, 2005, TORRES pled guilty to all of the charges in the Information filed against him. TORRES's case has been assigned to United States District Judge LAURA TAYLOR SWAIN and a sentencing date has not yet been scheduled.

On March 24, 2005, GARDNER pled guilty to all of the charges in the Information filed against her. GARDNER's case has been assigned to United States District Judge LORETTA A. PRESKA, who set sentencing for September 27, 2005.

On March 28, 2005, JUGAN pled guilty to all of the charges in the Information filed against him. United States District Judge DENNY CHIN, to whom JUGAN's case is assigned, scheduled sentencing for June 17, 2005.

ADELSON voluntarily surrendered to the FBI this morning and SAAD is expected to voluntarily surrender shortly. The Indictment against SAAD and ADELSON was assigned to United States District Judge JED S. RAKOFF. No further court dates have been scheduled.

SAAD, 48, resides in Los Angeles, California.

ADELSON, 39, resides in Montebello, New York.

CAMMARATA, 40, resides in Guttenberg, New Jersey.

TORRES, 35, resides in Palisades Park, New Jersey.

GARDNER, 33, resides in Brooklyn, New York.

JUGAN, 43, resides in Englewood Cliffs, New Jersey.

Mr. KELLEY, a member of the President's Corporate Fraud Task Force, praised the efforts of the Federal Bureau of Investigation in the investigation of this case. Mr. KELLEY also expressed his gratitude to the SEC for its assistance in this matter.

Mr. KELLEY said the investigation is continuing.

Also today, the SEC separately announced the filing of civil charges against SAAD, ADELSON, CAMMARATA, TORRES, GARDNER, and JUGAN.

Assistant United States Attorneys RAYMOND LOHIER and ALEXANDER H. SOUTHWELL are in charge of the prosecution.

The charges contained in the Indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

05-67

###

POTENTIAL PENALTIES

If convicted, SAAD and ADELSON each face the following maximum penalties with respect to each count charged in the Indictment:

COUNT	MAXIMUM TERM OF IMPRISONMENT	MAXIMUM FINE
One (Saad and Adelson): Conspiracy	5 years	\$250,000 or twice the gross gain or loss resulting from the crime
Two (Saad) and Three (Adelson): Securities Fraud	20 years	\$5 million or twice the gross gain or loss resulting from the crime
Four and Five (Saad): Soliciting Proxies With False Proxy Statements	20 years	\$5 million or twice the gross gain or loss resulting from the crime
Six through Thirteen (Adelson) and Eleven and Twelve (Saad): False filings with the SEC in connection with Impath's Forms 10-K and 10-Q	20 years	\$5 million or twice the gross gain or loss resulting from the crime

At sentencing, CAMMARATA faces the following maximum penalties with respect to each count charged in the CAMMARATA Information:

COUNT	MAXIMUM TERM OF IMPRISONMENT	MAXIMUM FINE
One: Conspiracy	5 years	\$250,000 or twice the gross gain or loss resulting from the crime

Two: Securities Fraud	20 years	\$5 million or twice the gross gain or loss resulting from the crime
Three: Bank Fraud	30 years	\$1 million or twice the gross gain or loss resulting from the crime
Four: False filings with the SEC in connection with Impath's Form 10-K	10 years	\$1 million or twice the gross gain or loss resulting from the crime
Five: Soliciting Proxies With False Proxy Statements	10 years	\$1 million or twice the gross gain or loss resulting from the crime

At sentencing, TORRES faces the following maximum penalties with respect to each count charged in the TORRES Information:

COUNT	MAXIMUM TERM OF IMPRISONMENT	MAXIMUM FINE
One: Conspiracy	5 years	\$250,000 or twice the gross gain or loss resulting from the crime
Two: Securities Fraud	20 years	\$5 million or twice the gross gain or loss resulting from the crime
Three: Bank Fraud	30 years	\$1 million or twice the gross gain or loss resulting from the crime
Four: False filings with the SEC in connection with Impath's Form 10-K	20 years	\$5 million or twice the gross gain or loss resulting from the crime

At sentencing, GARDNER faces the following maximum penalties with respect to each count charged in the GARDNER Information:

COUNT	MAXIMUM TERM OF IMPRISONMENT	MAXIMUM FINE
One: Conspiracy	5 years	\$250,000 or twice the gross gain or loss resulting from the crime
Two: Securities Fraud	20 years	\$5 million or twice the gross gain or loss resulting from the crime
Three: Bank Fraud	30 years	\$1 million or twice the gross gain or loss resulting from the crime
Four: False filings with the SEC in connection with Impath's Form 10-K	20 years	\$5 million or twice the gross gain or loss resulting from the crime

At sentencing, JUGAN faces the following maximum penalties with respect to each count charged in the JUGAN Information:

COUNT	MAXIMUM TERM OF IMPRISONMENT	MAXIMUM FINE
One: Conspiracy	5 years	\$250,000 or twice the gross gain or loss resulting from the crime
Two: Securities Fraud	20 years	\$5 million or twice the gross gain or loss resulting from the crime
Three: False filings with the SEC in connection with Impath's Form 10-K	20 years	\$5 million or twice the gross gain or loss resulting from the crime

